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September 5, 2019

Karen N. Pape
Sr. Vice President
Matagorda Offshore, LLC

VIA EMAIL Jessica.Stone@genlp.com
Jessica Stone

Re: Notice of Abandonment of 20-inch Natural
Gas Pipeline

Dear Jessica:

I appreciate your having spoke with me concerning this matter and your agreeing to forward this email to Karen N. Pape. As you know, you were listed as the alternate person to contact concerning this matter in the original letter dated July 15, 2019. At this time, Mr. Charles Hausmann, Port Director, does not have the authority to respond to your letter without Board action by the Calhoun Port Authority Board of Directors. Our meeting for August was on the 14th and there was a general discussion as to the lease provisions, however no action was taken by the Board until we could take time to negotiate this provision with Matagorda Offshore, LLC.

The Submerged Lease Agreement between the Calhoun Port Authority (CPA) was effective as of the 1st day of July, 2010. The term of the Agreement in Article III, Term of Agreement, was for ten (10) years continuing until the 30th day of June, 2020. Additionally, the annual easement payments for this easement, as computed upon the then prevailing tariff rates, was for an annual payment of \$22,064.89. The payments were due on the 1st day of July of each year during the term of this Agreement. Your letter indicates, even though it was written July 15, that you expect the Port to terminate this lease without paying the July 1, 2019 payment referenced in your letter of July 15, 2019. I would remind you that at this time that payment would carry an interest rate of 10% per annum, according to the lease, until an agreement can be reached concerning the removal or nonremoval of the pipeline. Also, your July 1, 2019 payment should be paid as soon as possible.

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Our major concern is that there was no consideration given to whether or not the Port would be given its rights under Article X of the lease that specifically covers "removal of Enterprise's Pipeline". In Paragraph 1 of Article X, the Port reserves the right to have Enterprise's pipeline removed within 30 days after termination of this Agreement. Enterprise also is to indemnify and hold harmless the Port from and against all costs of the removal. Paragraph 3 of Article X also provides specifically that the Port and Enterprise may agree in writing that Enterprise's pipeline may be abandoned in place and not removed by Enterprise after the termination of this Agreement. No such agreement in writing has yet been approved as of this date. The last sentence of that paragraph states, "It is understood and agreed by both parties to this contract that the Port is the approving authority as to the removal-nonremoval of property from the easement and the decision of the authority shall govern."

Our Agenda for the next meeting of the Board of Directors is for 9:00 a.m. in the Calhoun Port Authority Board Room, Calhoun Port Authority Office, located at 2313 FM 1593 South, Point Comfort, Texas. The meeting will be held next Wednesday, September 11, 2019. The Agenda will provide of a review and consideration of a Notice of Abandonment of a 20-inch natural gas pipeline by Matagorda Offshore, LLC. You are not required to be in attendance at the meeting, however, the Port of course will hear from any of your representatives that attend such meeting when that item comes up for consideration. You are number 13 on the Agenda. It is also designated as Action Required.

Any response that you may have concerning this matter in advance of the meeting should be sent to me and I will forward the same to our Executive Director.

Yours truly,

ROBERTS, ODEFY, WITTE & WALL, LLP



David Roberts

DR/kv

cc: Mr. Charles Hausmann, Port Director
Calhoun Port Authority
VIA EMAIL

cc: Tony Shih
VIA EMAIL Tony.Shih@genlp.com